

*Summary of Key Consumer Protections in Individual Health Insurance Markets  
April, 2004*

	Individual Market						Other Options			
	Guaranteed Issue		Preexisting Conditions			Rating Restrictions		Other Options for Individuals		
	Guaranteed issue all products/ all carriers/ all residents	Other Guaranteed issue protections	Elimination riders permitted	Maximum exclusion period/ lookback period (months)	Credit for prior coverage required	Community rating (Pure or Adjusted)	Health status rate band	High-risk pool	Mandatory group conversion required?	Self employed individuals are guaranteed issued small group plans?
AK	No	No	Yes	No limit	No	No	No	Yes	No	No
AL	No	No	Yes	24/60	No	No	No	Yes (HIPAA eligible only)	No	No
AR	No	No	Yes	No limit/60	No	No	No	Yes	Yes	No
AZ	No	All carriers guarantee issue to HIPAA eligible people	Yes No (HIPAA)	No limit 0/0 (HIPAA)	No Yes (HIPAA)	No	No	No	Yes	Yes, guaranteed issue through the Healthcare Group of Arizona Purchasing Pool
CA	No	All carriers guarantee issue two standardized plans to residents exhausting high risk pool benefits.  All carriers guarantee issue to HIPAA eligible people	No	12/12 (1-2 covered lives)  6 /6 (3 or more covered lives)  0/0 (HIPAA)	Yes	No	No, however rate restrictions on post-MRMIP standardized plans/HIPAA policies	Yes	Yes	No

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CO	No	No	Yes (conditions only, not body parts)	12/12	Yes	No	No	Yes	Yes	Yes, guaranteed issue basic and standard plan during annual open enrollment period
CT	No	No	Yes	12/12	Yes	No	No	Yes	Yes	Yes, guaranteed issue standardized small group plan
DC	No	Blue Cross Blue Shield, guaranteed issue (one product) for all residents  All carriers guarantee issue to HIPAA eligible people	Yes  No (BC/BS guaranteed issue product)  No (HIPAA)	No limit  12/No limit (HMOs)  10/No limit (BC/BS guaranteed issue product)  0/0 (HIPAA)	No  No (HMOs)  No (BC/BS guaranteed issue product)  Yes (HIPAA)	No	No	No	Some (group HMOs only)	No

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DE	No	All carriers guarantee issue to HIPAA eligible people	Yes No (HIPAA)	No limit/60 0/0 (HIPAA)	No Yes (HIPAA)	No	No	No	No	Yes
FL	No	All carriers guarantee issue to certain HIPAA eligible people	Yes No (certain HIPAA)	24/24 0/0 (HIPAA)	Yes	No	No	Yes (closed)	Yes, with rating limits (separate rules for certain HIPAA)	Yes, guaranteed issue basic and standard plan during annual open enrollment period
GA	No	All carriers guarantee issue to certain HIPAA eligible people	Yes No (certain HIPAA)	24/No limit 0/0 (HIPAA)	No Yes (certain HIPAA)	No	No	No	Yes, with rating limits (separate rules for certain HIPAA)	No
HI	No	All carriers guarantee issue to HIPAA eligible people	Yes No (HIPAA)	36/No limit 0/0 (HIPAA)	No Yes (HIPAA)	No	No	No	No	No

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 April, 2004

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	Guaranteed issue all products/ all carriers/ all residents	Other Guaranteed issue protections	Elimination riders permitted	Maximum exclusion period/ lookback period (months)	Credit for prior coverage required	Community rating (Pure or Adjusted)	Health status rate band	High-risk pool	Mandatory group conversion required?	Self employed individuals are guaranteed issued small group plans?
IA	No	All carriers, guarantee issue standardized policies for residents with 12 months of creditable coverage	Yes	24/60 12/12 (standardized policies) 0/0 (HIPAA)	No Yes (standardized policies) Yes (HIPAA)	No	Yes	Yes	Yes	No
ID	No	All carriers guarantee issue standardized policies for residents with 12 months of prior creditable coverage	No	12/6 0/0 (Standardized policies)	Yes	No	Yes	No	Yes, with rating limits	No
IL	No	No	Yes	24/24 (objective Standard) 12/12 (prudent person)	No	No	No	Yes	Yes	No

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IN	No	No	No	24/12	Yes (small group coverage only)	No	No	Yes	Yes, with rating limits	No
KS	No	No	Yes	24/No limit	No	No	No	Yes	Yes	No
KY	No	No	No	12/6	Yes	No	Yes	Yes	Yes	No
LA	No	No	Yes	12/12	Yes	No	No <sup>1</sup>	Yes	No	No
MA	Yes	No	No	6/6	Yes	Adjusted	Not allowed	No	No	Yes
MD	No	All carriers guarantee issue to HIPAA eligible people <sup>2</sup>	Yes No (HIPAA)	24/84 0/0 HMOs 0/0 (HIPAA)	No Yes (HIPAA)	No	No, however rate limits for some HIPAA policies	Yes	Yes	Yes, guaranteed issue to standardized plan during semi-annual open enrollment
ME	Yes	No	No	12/12	Yes	Adjusted	Not allowed	No	No	No

<sup>1</sup> Statutory rating bands in Louisiana's individual market are not enforced.

<sup>2</sup> As of July, 2004, the high-risk pool will be the only coverage option guaranteed to HIPAA eligible people in Maryland.

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April, 2004*

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MI	No	Blue Cross Blue Shield, guaranteed issue all products for all residents  HMO annual open enrollment all products for all residents	No	12/6 6/6 (BC/BS) 6/6 (HMOs)	No	No, however BC/Bs community rates	No	No	Yes	Yes, Blue Cross Blue Shield guarantees issue to groups of one.
MN	No	No	No	18/6 (no prior creditable coverage)  12/6 (prior creditable coverage)	Yes	No	Yes	Yes	Yes, with rating limits	No
MO	No	All carriers guarantee issue to HIPAA eligible people	Yes No (HIPAA)	24/No limit 0/0 (HIPAA)	No Yes (HIPAA)	No	No	Yes	Yes	No

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	Guaranteed issue all products/ all carriers/ all residents	Other Guaranteed issue protections	Elimination riders permitted	Maximum exclusion period/ lookback period (months)	Credit for prior coverage required	Community rating (Pure or Adjusted)	Health status rate band	High-risk pool	Mandatory group conversion required?	Self employed individuals are guaranteed issued small group plans?
MS	No	No	Yes	12/12	No	No	No	Yes	No	No
MT	No	No	Yes	12/36	Yes	No	No	Yes	Yes, with rating limits	No
NC		Blue Cross Blue Shield guaranteed issues some products for all residents  All carriers guarantee issue to HIPAA eligible people	Yes  No (HIPAA)	12/12  0/0 (HIPAA)	Yes	No	No	No	Yes	Yes, self employed are guaranteed issue basic and standard plans
ND	No	No	Yes No (standardized policies)	12/6	Yes	No	No	Yes	Yes	No
NE	No	No	Yes	No limit/No limit	No	No	No	Yes	No	No

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 April, 2004

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NH	No	No	Yes	9/3	Yes	No	Yes	Yes	Yes	Yes, self employed are guaranteed issue small group plans during bi-annual open enrollment periods.
NJ	Yes	No	No	12/6	Yes	Pure  Adjusted (only for two strip down plans)	Not allowed	No	Yes, only for divorce, with rating limits	No
NM	No	No	Yes	6/6	Yes	No	Yes	Yes	Yes	Yes, self employed (with dependent(s)) and HIPAA eligible people are guaranteed issue coverage through the New Mexico Health Insurance Alliance

*Summary of Key Consumer Protections in Individual Health Insurance Markets*  
 April, 2004

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NV	No	All carriers guarantee issue basic and standard plans to HIPAA eligible people	Yes No (HIPAA)	No limit/No limit 0/0 (HIPAA)	Yes	No	Yes	No	Some, with rating limits (group indemnity plans)	No
NY	Yes	No	No	12/6	Yes	Pure	Not allowed	No	Yes	No
OH	No	All carriers, annual open enrollment for all residents (standardized products only)	Yes	12/6 0/0 (HMOs on basic health services)	Yes	No	No, however rate bands apply on standardized products	No	Yes, with rating limits	No
OK	No	No	Yes	No limit/No limit <sup>3</sup>	No	No <sup>3</sup>	No	Yes	No	No

<sup>3</sup> HMOs may not impose pre-existing condition exclusion periods and must use community rating in Oklahoma's individual market; however, no HMOs participate in this market.

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April, 2004*

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	Guaranteed issue all products/ all carriers/ all residents	Other Guaranteed issue protections	Elimination riders permitted	Maximum exclusion period/ lookback period (months)	Credit for prior coverage required	Community rating (Pure or Adjusted)	Health status rate band	High-risk pool	Mandatory group conversion required?	Self employed individuals are guaranteed issued small group plans?
OR	No	All carriers guarantee issue portability products to residents with 6 months of creditable coverage.	No	6/24 0/0 (portability plans)	Yes	Adjusted	Not allowed	Yes	No	No
PA	No	Blue Cross Blue Shield, guaranteed issues some policies for all individuals	Yes No (HIPAA)	36/60 0/0 (HIPAA)	No, however BC/BS may give credit for prior BC/BS coverage. Yes (HIPAA)	No, however BC/BS community rates	No	No	Yes, with rating limits	No
RI	No	All carriers, guaranteed issue all products (or 2 designated) for HIPAA eligible and those with 12 months of creditable coverage	Yes No (guaranteed issue plan)	12/36 0/0 (guaranteed issue plans)	No Yes (guaranteed issue plans)	No	No	No	Yes	No, however Blue Cross Blue Shield currently guarantees issue to groups of one.

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April, 2004*

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SC	No	No	Yes	24/No limit 12/12 (HMOs)	No	No	No	Yes	Yes, divorced only with rating limits	No
SD	No	No	Yes	12/12	Yes	No	Yes	Yes (only for people with 12 months of credible coverage)	Yes, employers ceasing operations only with rating limits	No
TN	No	All carriers guarantee issue to HIPAA eligible people	Yes No (HIPAA)	24/No Limit 0/0 (HIPAA)	No Yes (HIPAA)	No	No	No	Yes	No
TX	No	No	Yes	24/60 0/0 (HMOs)	Yes, if 18 months of creditable coverage	No	No	Yes	No	No
UT	No	No	Yes	12/6	Yes	No	Yes	Yes	Yes, with rating limits	No

*Summary of Key Consumer Protections in Individual Health Insurance Markets  
April, 2004*

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VA	No	Blue Cross Blue Shield, guaranteed issues some for all residents  All carriers guarantee issue all products to HIPAA eligible people	Yes  No (HIPAA)	12/12  0/0 (HIPAA)	Yes	No	No	No	No	No	

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VT	Yes	No	No	12/6, 0 pre-ex if 9 months of prior creditable coverage)	Yes	Pure	Not allowed	No	Yes, with rate limits for some	Yes
WA	No	All carriers guarantee issue all products to medically qualified individual  All carriers guarantee issue to HIPAA eligible people	No	9/6  0/0 (HIPAA)	Yes	Adjusted	Not allowed	Yes	Yes	Yes <sup>4</sup>

<sup>4</sup> Starting on June 10, 2004, however, small group carriers will not be required to offer group-of-one policies.

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April, 2004*

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WV	No	HMOs (some), annual open enrollment for all individuals  All carriers guarantee issue to HIPAA eligible people	Yes  No (HIPAA)	12/24  0/0 (HIPAA)	No  Yes (HIPAA)	No	No	Yes <sup>5</sup>	Yes	No
WI	No	No	Yes	24/No limit	No	No	No	Yes	Yes	No
WY	No	No	Yes	12/6	Yes	No	No	Yes	Yes	No

Note to readers

This document was prepared by Kevin Lucia and Karen Pollitz of Georgetown University, Health Policy Institute. The summary table reflects rules in effect in states' individual health insurance markets as of April, 2004. Data were compiled through a review of state laws and regulations and interviews with senior state health insurance regulatory staff. For more detail on consumer protections in any state, see Georgetown University's Consumer Guides to Getting and Keeping Health Insurance at [www.healthinsuranceinfo.net](http://www.healthinsuranceinfo.net).

<sup>5</sup> High-risk pool effective July 1, 2004.

*Summary of Key Consumer Protections in Individual Health Insurance Markets*  
April, 2004

Important terms used in this table are explained below in the order in which they first appear in the table:

***GUARANTEED ISSUE***

Health insurance sold on a *guaranteed issue* basis cannot turn applicants down based on health or risk status. In several states (such as New York), all individual health insurance policies must be offered to all residents on a guaranteed issue basis year-round. In others (such as Michigan), only certain insurers must offer guaranteed issue policies. In yet others (such as Arizona), only certain consumers, such as HIPAA-eligible individuals (see below) must be offered individual policies on a guaranteed issue basis.

***HIPAA-eligible***

A person who is *HIPAA-eligible* must be offered some type of non-group health insurance on a guaranteed issue basis. In some states (such as Arizona) HIPAA eligible individuals must be offered individual health insurance policies. In other states (such as Illinois) HIPAA eligible individuals must be offered coverage in the state's high-risk pool. HIPAA-eligible individuals have at least 18 months of prior health insurance coverage, at least the last day of which was under an employer-sponsored group health plan. In addition, to be HIPAA-eligible, a person must have elected and exhausted any available COBRA or state continuation coverage and must not be eligible for Medicare, Medicaid, or group health insurance. HIPAA eligibility lasts for up to 63 days.

***PRE-EXISTING CONDITION***

People often have difficulty buying individual health insurance if they have a *pre-existing condition* – a health problem that already exists. Typically, insurers ask applicants to disclose all health conditions they have at the time of application or that they may have had in the past.

***Elimination rider***

In many states, health problems disclosed at the time of application may be permanently excluded from coverage by an amendment to the individual health insurance contract called an *elimination rider*.

***Maximum pre-existing condition exclusion period/lookback period***

Once coverage begins, a consumer who makes claims under the policy may be investigated to see whether the health problem was pre-existing. In many states, it is not necessary for a health condition to have been diagnosed prior to the purchase of coverage for it to be considered pre-existing. Depending on state law, insurers can look back months or years prior to the policy's purchase for evidence of a pre-existing condition. This process is sometimes called "post-claims underwriting." In most states, the *maximum pre-existing condition exclusion period* constitutes a

*Summary of Key Consumer Protections in Individual Health Insurance Markets*  
April, 2004

limit on post-claims underwriting. Any claim filed during the exclusion period can be investigated as possibly pre-existing and, if found to be so, can be denied and coverage for all further care for that condition can be excluded during the exclusion period. The *maximum lookback period* limits the period of history preceding purchase of a policy that can be investigated for evidence of a pre-existing condition. For example, in Alabama, an applicant for individual health insurance might have a known pre-existing condition permanently excluded from coverage. In addition, if she makes a claim for health care services during the first 24 months of coverage, her medical history dating back 5 years prior to the purchase of her policy can be investigated for evidence that her current health problem existed prior to the purchase of coverage.

By federal law, coverage offered to HIPAA-eligible individuals on a guaranteed issue basis cannot impose pre-existing condition exclusion periods or elimination riders.

### ***RATING RESTRICTIONS***

In many states, premiums for individual health insurance vary based on health status. *Rating restrictions* limit the extent to which insurers can vary rates based on health status.

#### ***Community rating (pure and adjusted)***

A few states prohibit rating based on health status in the individual market. In some states (such as New York) *pure community rating* is required, and so premiums also cannot vary by age or gender. In other states (such as Maine) *adjusted community rating* means premiums can be adjusted for age.

#### ***Health status rate bands***

Other states impose *health status rate bands* which limit the amount by which premiums can vary due to health status.

### ***OTHER OPTIONS***

Many states offer alternatives to individual market coverage for certain residents.

#### ***High-risk pools***

*High-risk pools* are state programs that offer health insurance to residents who are considered "uninsurable" and unable to buy coverage in the individual market. Typically, people are considered uninsurable if they have been turned down, charged substantially higher premiums, or if they have been offered private coverage with an elimination rider.

*Summary of Key Consumer Protections in Individual Health Insurance Markets*  
**April, 2004**

***Mandatory group conversion***

*Mandatory group conversion* is a requirement that insurers in the group market offer a policy to someone leaving a group policy. In most states, there are few if any limits on what group conversion policies must cover or what they can cost.

***Self-employed guaranteed issue in small group market***

*Self-employed* people in some states are defined as "groups of one" and permitted to buy health insurance in the small group market on a guaranteed issue basis. Often "groups of one" do not enjoy all of the legal protections that apply to small groups of 2 or more.